

Rep. Louise M. Slaughter (D-NY) issued the following statement after the U.S.-China Economic and Security Review Commission issued a blistering new report on Chinese espionage and trade practices.

“For too long our trade policy with respect to China has been to simply give large American corporations incentives to move there and lay off U.S. workers,” Slaughter said. “At the same time, we’ve provided few if any incentive to stay here and invest in this workforce. The result is that our legacy of talented and innovative workers has been eroded over the years to the point where we now have a vastly diminished manufacturing base. And our trade imbalance with China is substantial and growing each year. This report shows that the Chinese government systematically subsidizes their industry to target important areas of U.S. and world markets. These predatory trade practices violate international trade law, and reinforce my belief that we need to strengthen our trade enforcement efforts and rethink our trade relationship with China.”

China has targeted many of the industries in Upstate New York already struggling to compete with nations using low-cost labor, the report found. Among the targeted industries key for their next Five-Year plan: auto parts, machine tools, information technology, optics, photonics, and clean renewable energy.

In September, the administration took their first step by placing a tariff on Chinese-made tires that were being dumped into the U.S. That decision saved the jobs of some of Goodyear-Dunlap's 1,000 workers in Tonawanda.

“I was proud the Administration announced a 35 percent levy on Chinese made tires earlier this year that protected Western New Yorkers from the fate of other American tire plants forced to close their doors,” said Slaughter. “But I said at the time, that case is not only about a broad range of consumer tires, it is also about the future of American manufacturing. We have watched as once-great companies downsize, move to China or other countries, or simply close their doors. The ripple effect on that shift is profound, with as many as four to five additional jobs being lost for every manufacturing job lost. Enough is enough.”

The report’s conclusions and effects on Upstate New York are spelled out below.

A link to the report can be found here http://www.uscc.gov/annual_report/2009/09_annual_report.php

Among the report's primary conclusions:

- China is being increasingly aggressive about espionage efforts to obtain U.S. secrets and technology for the benefit of China's military and its economy.
- China has stepped-up cyber espionage and cyber warfare capabilities that constitute a growing threat to U.S. computer networks.
- China's extensive use of foreign propaganda and China's efforts to influence public opinion and policymaking in the United States.
- China's detailed industrial policy designed to attract foreign investment and production and to create "national champions" to compete on a global scale.
- China's use of subsidies and other trade-distorting measures in violation of its international commitments.
- China's role in the creation of the economic imbalances that helped produce the global financial crisis.
- The expansion and modernization of the Chinese navy and its effects on U.S. access to the waters around China and Taiwan and the likelihood of a maritime arms race.
- The use of new and more sophisticated methods by Chinese authorities to control the Chinese news media and the Internet.
- China's activities in Afghanistan, Pakistan, and Central Asia.
- Mainland China's increasing influence in Taiwan and Hong Kong.
- The effect of China's policies on the economy of the upstate New York region.

Moreover, the report showed several specific areas where upstate New York has been harmed by China's trade practices. They include:

- China's industrial policy targets and supports strategic industries identified as important to its economy in the 11th Five-Year Plan. This industrial policy promotes and subsidizes many of the same industries that comprise the industrial cluster of upstate New York. These industries include auto parts, machine tools, information technology, optics, photonics, and, more recently, clean renewable energy.
- China's industrial policy has contributed to the loss of manufacturing in the region

and presents a challenge to New York as it seeks to become a global leader in the renewable energy field

- The relocation of manufacturing from upstate New York has weakened the industrial cluster, which in turn has greatly impacted the ability of remaining firms to be innovative. Advanced technology companies in the region that have been moving their manufacturing operations to China are now relocating their research, development, and innovation operations there as well.